



The Way Home:

Safe, dignified and affordable housing for
Minneapolis residents
2018-2019 Progress Report

— The Way Home: Safe, dignified, and affordable housing for Minneapolis residents

Minneapolis is a magnet city attracting more residents and businesses each year. But the city is facing challenges as it grows, including a shortage of housing units that residents can afford, a rise in the number and percentage of cost-burdened households – especially among renters – and the presence of zoning regulations that have favored single family housing at the expense of housing access since the era of segregation.

Minneapolis 2040, the City's new Comprehensive Plan, envisions that all Minneapolis residents will be able to afford and access quality housing throughout the City. The strategies outlined in this report were developed in tandem with Minneapolis 2040 to begin implementation of this goal.

Many of the programs included here are long-standing, foundational housing investment programs that have been reshaped to reflect the policies and values of Minneapolis 2040 and informed by extensive community input. Others are new, innovative pilot programs that will be evaluated for their results. All of these programs are important to meeting the housing needs of City residents.

Unprecedented investment by the Mayor and City Council in the 2019 budget has led to a significant increase in housing production and preservation across the City.

This report includes work of other departments but is heavily focused on the work of the Community Planning and Economic Development (CPED) department.

This document highlights City housing values, strategies and key results of City programs, policies and investments that advance City housing goals.

Cover page photos top to bottom (L to R): 4XX 31st Ave N (Source: The City of Minneapolis), EcoVillage Apartments (photo courtesy Project for Pride in Living with acknowledgment to Harry Connelly), Marshall Terrace (source: The City of Minneapolis), Anishinabe Bii Gii Wiin (Source: The City of Minneapolis), The Louis (Source: Aeon), Downtown View (photo courtesy Project for Pride in Living with acknowledgment to Harry Connelly).

— OUR CORE HOUSING VALUES

Advance Racial Equity

Eliminate racial disparities

Expand Opportunity

Disrupt historical geographic patterns of racial segregation and wealth extraction, disinvestment in Black, Indigenous, and People of Color (BIPOC) communities, and limited fair housing choice and opportunity

Prevent Displacement

Prevent the involuntary displacement of Minneapolis residents, especially low-income, BIPOC, seniors and people with disabilities

Prioritize Resources

Invest in households facing the most severe housing instability

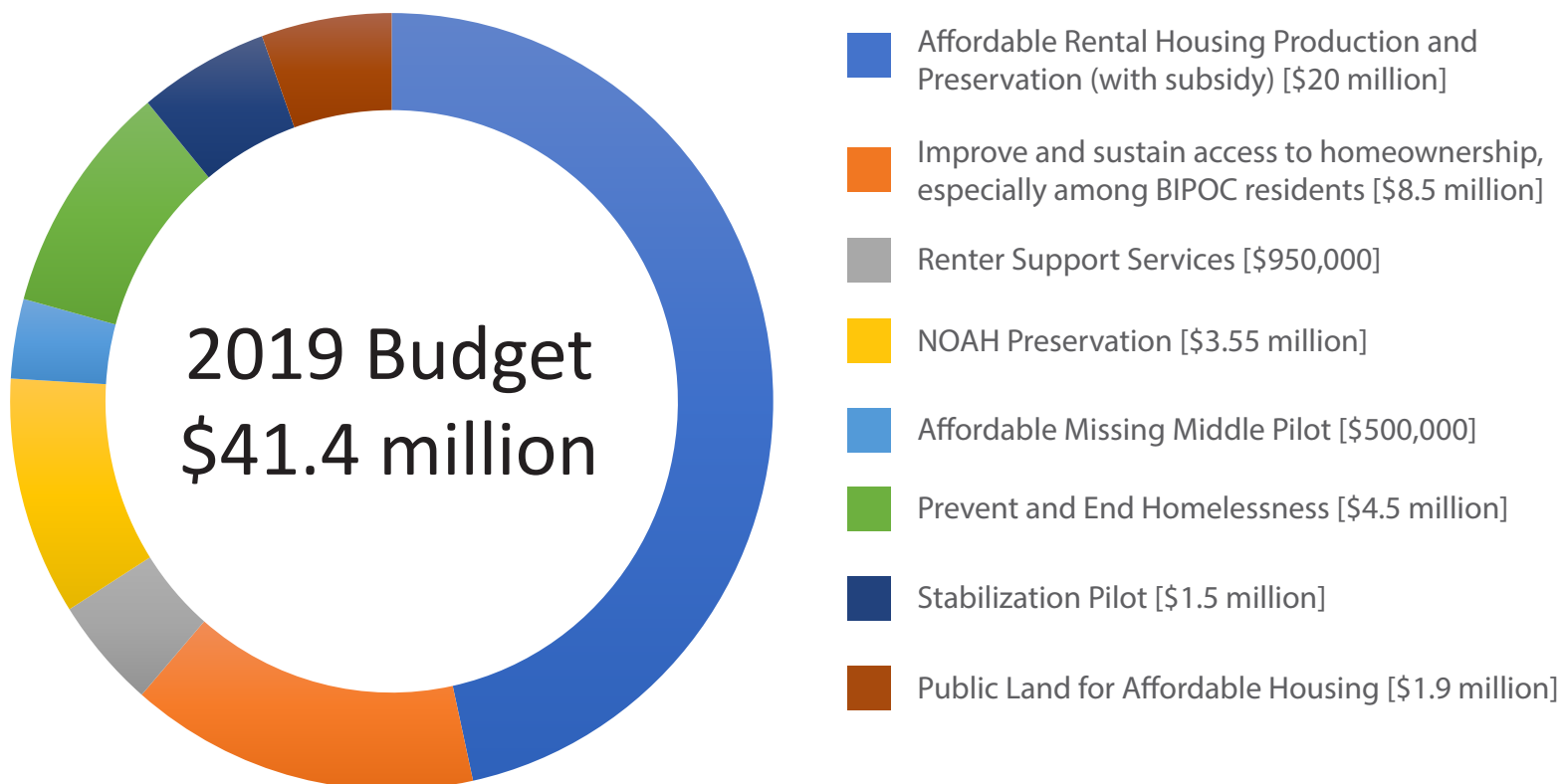
Develop Sustainably

Promote energy-efficient and healthy homes in support of our goal of resiliency

— OUR KEY STRATEGIES

The City's housing challenges are complex and dynamic, and the City employs a robust set of strategies, including investment, policy, public-private partnership, innovative new programs and tenant supports to address them. The seven strategies are:

1. Increase housing supply, diversity and affordability in all neighborhoods
2. Produce more affordable rental housing and preserve subsidized affordable rental housing, for 30 years or more
3. Preserve unsubsidized naturally occurring affordable housing (NOAH)
4. Improve and sustain access to homeownership, especially among low-income and Black, Indigenous, and People of Color (BIPOC) residents
5. Support renters
6. Prevent and end homelessness
7. Maximize potential of publicly-owned land to meet City housing goals



— PROGRESS

2018 – 2019

Strategy 1:

Increase housing supply, diversity and affordability in all neighborhoods

The City is creating new mechanisms through land use policy and zoning to increase housing density, require more affordable units and allow for more housing types throughout the city.

[Minneapolis 2040](#) and [Inclusionary Zoning Ordinance and policy](#) are in effect as of January 1, 2020.

Minneapolis 2040 was informed by more than three years of engagement with the people of Minneapolis, including over 150 meetings and conversations with thousands of residents, business owners and community members.

The City is proactively encouraging innovation under this strategy to create new housing options. For example:

- In 2019, the City launched the [Missing Middle Pilot](#) Program to promote the development of mixed income and affordable 3 to 20-unit developments. We received 21 ownership and rental housing proposals. Awards will be recommended to the City Council in Quarter 1 2020.
- In 2019, the City Council approved changes to the [Zoning code](#) to allow for the development of intentional communities and cluster developments to provide more housing options for residents experiencing housing instability. The code updates allow a configuration of small dwellings or rooming units and a common house on a lot.

minneapolis | 2040

Minneapolis 2040 expands development opportunities across the City

Inclusionary Zoning

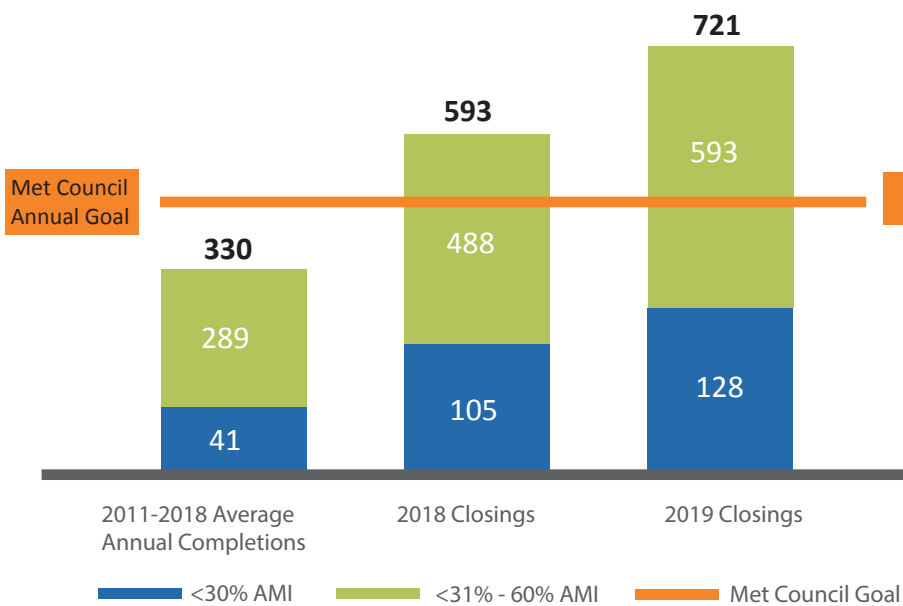
Inclusionary Zoning creates more affordable and mixed-income housing options by requiring the inclusion of affordable housing units in developments with 20 or more units

Strategy 2:

Produce more affordable rental housing and preserve subsidized affordable rental housing, for 30 years or more

The City has long invested in the production and preservation of affordable rental housing with subsidies that have income and long-term affordability requirements. Increased City investment in affordable rental housing is setting records for new production and expanding our ability to serve the lowest income City residents.

City's Affordable Housing Rental Production



The Metropolitan Council counts units that have completed construction against its production goal (completions). Increased City investment in 2018 and 2019 resulted in a record number of project closings in these years, reflecting an upward trend in new affordable housing production beginning in 2019.

- The number of these units that will be affordable to households with incomes at or below 30% of the area median income (AMI) have significantly increased to 105 units in projects that closed in 2018 and 128 units in projects that closed in 2019 – that’s nearly three times the average annual production of 41 units in 2011-2018.
- The City preserved 678 affordable rental housing units with federal subsidy in 2018 and 2019. More than 80% (547) of these units are affordable to households with incomes at or below 30% AMI.
- With an unprecedented \$20 million investment in the Affordable Housing Trust Fund, recommended 2019 funding awards will preserve and produce more than 1,000 units of affordable rental housing.
- In 2019, \$15.3 million of City funds leveraged \$393.2 million in other public and private investment.

Strategy 3:

Preserve unsubsidized naturally occurring affordable housing (NOAH)

More than half of low-income renter households in Minneapolis live in unsubsidized housing, often referred to as naturally occurring affordable housing. The strong real estate market and low rental vacancy rate have made these properties more attractive to investors, leading to increased sales, higher rents and displacement of tenants who can’t afford rent increases or aren’t given the choice to stay. The City’s NOAH preservation strategy, launched in 2018, includes a mix of property tax incentives and financing; large acquisition funding, smaller scale preservation financing and intermediary support with pathways for tenant ownership.

- The City has committed funding to support a tenant-led acquisition strategy to stabilize housing for 50 families.
- To date, the [4d Affordable Housing Incentive Program’s](#) annual energy savings are equivalent to the annual energy use of 25 single-family homes or the annual gas consumption of 46 cars.
- The City subscribed to CoStar, a real estate database that provides information on the city’s inventory of multifamily housing, including data on rents, vacancy rates, and other market metrics. This critical resource ensures a data driven NOAH preservation strategy informed by the most comprehensive and current market data available.



There are about 15,000 units of NOAH housing in the city. Between the City’s NOAH Preservation Fund, and the 4d Affordable Housing Incentive Program, the City has preserved nearly **1,000 units** throughout the city in 2018-19.

Strategy 4:

Improve and sustain access to homeownership, especially among low-income and BIPOC residents

The City invests in education and capacity building to assist low-income and BIPOC households in overcoming barriers to ownership, creates new homeownership opportunities and provides home improvement loans to assist homeowners with sustaining their homes and aging in place. These programs and investments improve access to homeownership for low-income and BIPOC communities, leading to opportunities for intergenerational wealth-building.

Education

The City served more than 3,000 households over a two year period through financial wellness, homebuyer education and foreclosure prevention workshops and counseling.

- The average income of households served annually is \$39,500 or about 40% AMI.
- BIPOC households account for 80% of families served annually.

Downpayment Assistance

The City serves roughly 50 households a year with downpayment assistance.

- The average income of families served is approximately \$52,000 per year or 54% AMI.
- The rate of service to BIPOC households has more than doubled from 39% in 2015 to 85% in 2018.

Home Improvement Loans

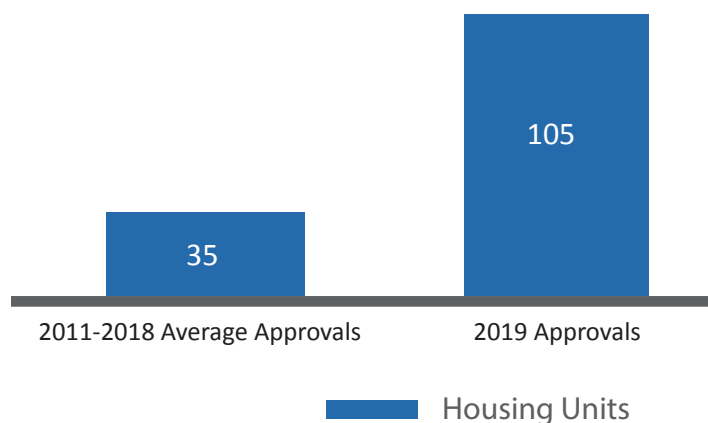
The City has created infrastructure to provide home improvement lending services.

- The City expanded the number of home improvement products offered to Minneapolis residents by becoming an administrator of Minnesota Housing Fix Up Fund loans in 2018.
- Demand for home improvement products is high, as of 2019 there is a waitlist of approximately 200 households seeking service.

Development Assistance

The City provides gap assistance to developers to build and/or rehabilitate ownership housing units.

City's Affordable Ownership Housing Production



- The average income of families served annually is approximately \$58,000 per year – or 60% AMI.
- BIPOC families account for 66% of families served annually.
- Approximately 20% of homes developed annually have long term affordability restrictions (30 years).
- Over half of the developers participating in the program are BIPOC-led due to intentional outreach and capacity building efforts, including the Developers Technical Assistance Training (D-TAP) program and one-on-one consultation.

Strategy 5: Support renters

Minneapolis is a majority renter city facing increasing affordable housing challenges. The City is expanding renters' rights and protections and undertaking new pilot initiatives to create dignified, healthy and stable housing for renters.

3,344 renter households,
including 8,110 Minneapolis
residents, received information,
referrals, legal advice or services,
and 224 households received
legal representation to address
needed repairs to their homes.
Minneapolis renters in all 13
wards were served through these
services.



Renter Services

- The City support HOME Line's Tenant Hotline (612-728-5767; <https://homelinemn.org>) offering free information and legal advice to Minneapolis residents in English, Spanish, Somali and Hmong. In 2018, 3,344 renter households, representing 8,110 Minneapolis renters, contacted HOME Line's Tenant Hotline, resulting in \$378,000 in damage deposits and rent abatements recovered or saved and 224 evictions prevented.
- In 2018, the City expanded tenant supports, providing funding to Mid-Minnesota Legal Aid and Volunteer Lawyers Network to expand legal representation for renters to protect and enforce their right to live in safe, quality housing. In the first year, 224 renter households received legal services, representing renters in all 13 City Council wards.
- In 2018, the City launched More Representation Minneapolis to increase the overall pro bono housing representation for tenants facing eviction action or pursuing habitability cases by 20%. The program has grown to include 16 Twin Cities law firms.
- In 2019, the City increased support for tenant services, providing funding to Mid-Minnesota Legal Aid and Volunteer Lawyers Network to expand legal representation for renters facing eviction. An estimated 320 more renter households will be represented at housing court because of this support.

Programs

- In 2018, a number of City residents living in unsuitable conditions faced imminent displacement after their landlord's license was revoked. In response, the City created the [Emergency Stabilization Pilot Program](#), to serve 10 of these households, providing immediate assistance and a path to long-term housing stability.
- Staff is developing a new Housing Stabilization Pilot Program, which will fund innovative solutions to stabilize renters in one to four-unit rental properties.

Policy

- In 2018 and 2019, the City initiated or adopted new renter protection policies, including:
 - o [Renter First Policy](#)
 - o [Strategic and Racial Equity Action Plan \(SREAP\)](#)
 - o [Advance Notice of Sale and Post-Sale Tenant Protections](#)
 - o [Renter Protections Ordinance - Fair Chance Access to Housing](#)
 - o [Tenant Relocation Assistance Ordinance](#)
 - o [Emergency Housing Repairs Ordinance](#)
 - o [Opportunity to Purchase ordinance \(under development\)](#)

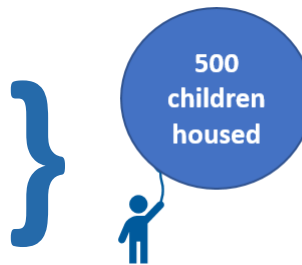
Strategy 6:

Prevent and end homelessness

The City funds the production and preservation of permanent supportive housing units, collaborates with key public and private partners, and invests in programs and services to prevent and end homelessness.

- The City and Hennepin County coordinate responsibilities for supporting the Office to End Homelessness (OEH), which oversees the homeless response system.
 - OEH is the lead applicant for the Continuum of Care program, through which 40 local projects receive almost \$13 million annually and serve 1,600 households experiencing homelessness.
 - The City invests \$1 million per year to support the joint homeless response system by funding street outreach, shelter improvements and rapid rehousing.
 - In 2018, St. Stephen's helped 378 people experiencing unsheltered homelessness navigate their housing and shelter options with financial support from the City.
 - The City closed on financing to support the production of 117 number of new units for people who are experiencing homelessness that will be filled through the Hennepin County Coordinated Entry system.

- The City, in partnership with Minneapolis Public Housing Authority, Minneapolis Public Schools, Hennepin County, Pohlad Family Foundation and YMCA of the greater Twin Cities launched Stable Homes Stable Schools in April 2019. Through Stable Homes Stable Schools, families experiencing homelessness or housing instability receive rental assistance and support so their children can thrive in school.



As of early 2020, 175 families including 500 children were housed through Stable Homes Stable Schools.

- The City supported a new low-barrier housing model for people experiencing unsheltered homelessness that brings new units online in only a few months. In 2018, the City provided a \$50,000 acquisition grant to American Indian Community Development Corporation to support this model that emphasizes low-barrier entry to housing and services.
- In partnership with tribal, community and government partners, the City opened a temporary Navigation Center to provide emergency shelter and on-site services to more than 175 people who had been residents of a large homeless encampment near Hiawatha and Cedar Avenues during the summer of 2018. The Navigation Center closed at the end of May 2019, with about half of its residents finding permanent housing. The rate of housing placement was significantly higher than traditional shelters.

Strategy 7:

Maximize potential of publicly-owned land to meet City housing goals

The City is maximizing the potential of publicly-owned land by acquiring tax forfeited land and properties in strategic locations and assembling sites for redevelopment to meet city housing goals.

In 2018, 31 different
developers or individuals
rehabilitated or
constructed 40 homes;
45% were BIPOC led and
35% were individual
homeowners.



- [Minneapolis Homes](#) has streamlined the process and created culturally-specific outreach tools to attract new, BIPOC-led, and homebuyers acting as their own developers to acquire and build on City-owned land and offering the Developer Technical Assistance Program.
- Minneapolis Homes staff conduct information sessions that reach an estimated 1,500 people annually.
- The City is actively assembling land for affordable housing in a high visibility opportunity area at Lowry & Central Avenues in partnership with Hennepin County.

— PROJECT HIGHLIGHT:

Minnehaha Townhomes

Minnehaha Townhomes consists of 16 units for large families experiencing homelessness and is owned and managed by the Minneapolis Public Housing Authority (MPHA). Families are referred from the Hennepin County homeless shelter system, with the units reserved for families with incomes below 30 percent of AMI.



The City of Minneapolis assembled the site specifically for affordable housing in a high opportunity residential neighborhood two blocks from a light rail transit station, across the street from a park and trails, and near schools. The City partnered with the MPHA to develop the first new public housing units in Minneapolis since 2010. This partnership leverages permanent deep affordability and rent subsidies with targeted supportive services for residents. Fifty-three children now have permanent supportive housing as a result of this innovative partnership.

This unique project highlights five of our seven housing strategies: increasing housing supply, affordable rental housing production, supporting renters, preventing and ending homelessness and maximizing the potential of publicly-owned land to meet City housing goals.

— PROJECT HIGHLIGHT:

Jenny Investments LLC

Jeniffer (Jenny) Kuria, an immigrant from Kenya, came with her daughter and son to Minnesota over 15 years ago to make a new life for her family. Since 2007, through either her construction company, Amani Construction, or as a developer through Jenny Investments LLC, she has rehabbed dozens of homes in Coon Rapids, Brooklyn Center, Robbinsdale and Minneapolis. Jenny participated in the City's Developer's Technical Assistance Training Program ([D-TAP](#)) and learned of additional opportunities to receive financing to develop City-owned vacant land through the [Minneapolis Homes Development Assistance](#) program's information sessions.



Jenny Kuria

When Jenny's daughter started thinking about becoming a homeowner in Minneapolis, like many other working 'twenty-somethings' in the city, she realized that her options were limited. However, when she found a small, one-story, two-bedroom, one bathroom vacant and boarded house located at 42XX Snelling Avenue on the [Minneapolis Homes REHAB](#) list, she realized that there was one person who she could turn to for help—Mom. She utilized \$5,000 in down payment assistance from the City of Minneapolis to complete the purchase. Today, she is a proud homeowner of a fully renovated two-story, four-bedroom and three-bathroom home.

In 2018, Jenny completed her first new construction home through the City's Minneapolis Homes Development Assistance program and has five more new construction projects in the queue for completion in 2020-2021.



Before: 42XX Snelling Avenue



After: 42XX Snelling Avenue

— What's Next?

Minneapolis 2040 establishes the goal that in 2040, all Minneapolis residents will be able to afford and access quality housing throughout the city. This progress report outlines our core values and strategies to achieve this goal. Due to the City's work represented here, thousands of Minneapolis residents have a safe, stable place to call home. But the need persists.

In 2020, the City will explore opportunities to establish new housing goals, and leverage our investments and innovative work to expand partnerships and opportunities. We will work across departments and engage stakeholders and residents to build from our existing work, put what we're learning from pilot initiatives into practice and continue to innovate. Our implementation strategies will continue to evolve to advance our goal that all Minneapolis residents will have a safe, quality, affordable place to live.